



## Alcohol and Carrots

Posted by [Pierluigi Oliverio](#) on Monday, April 14, 2008

### City Hall Diary

Last Tuesday, the city council had two agenda items to vote on that would allow for applicants to sell alcohol: one for a Whole Foods grocery store and the other for a gas station.

State law limits the number of liquor licenses in an area. The City of San Jose went one step further by blocking certain new liquor licenses at the planning commission level. The planning commission must deny liquor licenses so they are heard at the council level upon appeal. I understand this is because the prior council wanted to ensure that the council would hear liquor license applicants. Unfortunately, I think the extra step is a hurdle in encouraging new grocery stores.

Who should sell alcohol? Restaurants? Grocery stores? Gas stations? My answer: grocery stores and restaurants. I believe we should use the prize of a liquor license as a carrot to promote neighborhood-facing businesses.

Liquor licenses are a source of major revenue for the grocery and restaurant industry. Most grocery stores and restaurants would go out of business if they did not have a liquor license. The profit margins from alcohol allow for the creation of new business, jobs, sales tax and community. Residents feel a sense of community around grocery stores and restaurants as they are where we gather.

In a prior blog, I wrote about grocery store economics and the sad fact that grocery stores are missing in San Jose's neighborhoods. I think of the many grocery stores that have closed and have been converted to gyms, drugstores, discount shops or, worse, converted from commercial land to housing. Grocery stores make very thin margins on food, but they make good margins on beer, wine and spirits. Carrying a variety of different products is how grocery stores keep the doors open.

There are arguments that if you grant a liquor license to a gas station, they will make more money which they can use to spruce up the station. I acknowledge this point and would agree. However, what

happens if one gas station gets a liquor license and the one across the street doesn't? What happens when all the gas stations in one area take all the liquor licenses? What happens when someone wants to open a grocery store or restaurant in an area that is already concentrated with liquor licenses and they are not able to open for business? Let's face it: alcohol will produce profits for anyone who sells it.

Can you imagine a young family buying a house and one spouse saying to the other, "Wow, honey, let's buy this house. Even the local gas station sells beer!" Or, can you imagine the same person saying, "Let's buy this house. It even has a neighborhood grocery store."

I voted for the grocery store and against the gas station. Both passed.

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